



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	SB0038	Title:	Revise laws governing nurseries and plant dealers
Primary Sponsor:	Curtiss, Aubyn	Status:	As Amended in Senate Committee

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
State Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
State Special Revenue	\$3,000	\$3,000	\$3,000	\$3,000
Net Impact-General Fund Balance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact:

SB 0038 as amended revises laws governing nurseries and plant dealers by creating a tiered licensing structure, changing fees, providing for a single license for those earning less than \$10,000 who sell at multiple locations, and removing the exemption from licensure for out-of-state nurseries. Revenue to the department nursery state special account is estimated to increase by approximately \$3,000.

FISCAL ANALYSIS

Assumptions:

1. The proposed license and fee structure has two categories similar to the license and fee structure in place prior to the 2007 Legislative session. First, nurseries with annual gross sales of less than \$1,000 will qualify for an exemption; and second, nurseries with gross annual sales between \$1,000 and \$3,000 will pay a reduced licensing fee. In FY 2007 there were 1,097 licensed nurseries. Of the 1,097 nurseries, 22.15% (or 243) paid no license fee (exempt-gross sales less than \$1,000), 16.86% (or 185) paid \$30 for a license (gross sales between \$1,000 and \$3,000), and 60.98% (or 669) paid \$95 for a license (gross sales greater than \$3,000).
2. There are currently 1,104 licensed nurseries. Using the FY 2007 percentages 245 nurseries will be exempt from licensing with gross annual sales of less than \$1,000; and 186 nurseries will pay a \$50 license fee with gross annual sales over \$1,000 but less than \$3,000.
3. There is no previous licensing structure or data on nurseries with gross annual sales of \$3,000 but less than \$10,000 or those with gross annual sales of \$10,000 or more. The assumption is that there will be 250

nurseries with gross annual sales of \$3,000 but less than \$10,000 and 423 nurseries with gross annual sales of \$10,000 or more.

4. Exempting 245 nurseries from licensing will result in a reduction in revenue to the nursery program of \$23,275. Changing the license fee for 186 nurseries will result in a reduction in revenue of \$8,370 (186 x \$45). Increasing the fee for the \$3,000 but less than \$10,000 category from \$95 to \$125 for 250 nurseries will result in an increase in revenue of \$7,500. Increasing the fee from \$95 to \$160 for those nurseries that have gross annual sales of \$10,000 or more will result in an increase in revenue of \$27,495.
5. A single nursery license is being proposed for nurseries who sell at multiple locations and whose combined gross annual sales is less than \$10,000, rather than a license for each sale location. There are 41 entities that hold multiple licenses. Of these, 16, by business name, are large nurseries and nine are thought to be small nurseries. Of the remaining 16 nurseries, we can not determine the size of the nursery by name. Assuming that all of the small nurseries and those of indeterminate size would qualify based on gross annual sales of less than \$10,000; a reduction of 75 licenses is expected. This will result in a loss of revenue of \$4,350 (75 x \$58 [average of \$0 + \$50 + \$125/3 = \$58] = \$4,350).
6. A license and license fee exemption to out-of-state nurseries who sell to nurseries licensed in Montana so long as the originating state also offered this reciprocity would no longer apply. The department does not know how many out-of-state nurseries this would impact. It is assumed that there will be 25 such nurseries (since most nurseries importing stock work with large, well established nurseries). This will result in an increase in revenue of \$4,000 (25 x \$160 = \$4,000).
7. The net fiscal impact is a positive \$3,000 to the nursery program (-23,275 [exempt nurseries/no fees] - \$8,370 [reduction in fees for the \$1,000 but less than \$3,000 category] + \$7,500 [increase in fees for the \$3,000 but less than \$10,000 category] + \$27,495 [increase in fees for the \$10,000 or more category] - \$4,350 [licenses lost due to multiple locations; single license amendment] + \$4,000 [new, out-of-state licenses fees] = \$3,000).

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<u>Fiscal Impact:</u>				
TOTAL Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Funding of Exp.	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Revenues:</u>				
State Special Revenue (02)	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$3,000</u>
TOTAL Revenues	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$3,000</u>

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

State Special Revenue (02)	\$3,000	\$3,000	\$3,000	\$3,000
----------------------------	---------	---------	---------	---------

Technical Notes:

1. This bill removes the statutory range of fees and reduces the department's ability to adjust fees by administrative rule in order to accomplish the purposes of the nursery program.
2. This bill is intended to be coordinated with the passage of HB 478 – Eliminate Licensing Fees for Small Plant Vendors. If HB 478 does not pass, then SB 38 does not pass.

Sponsor's Initials

Date

Budget Director's Initials

Date